

KOHLBERG KRAVIS ROBERTS & CO.

August 6, 2010

Don Devendorf  
Vice President  
Morgan Stanley  
1585 West Broadway, Floor 33  
New York, NY 10036

Dear Mr. Devendorf:

On behalf of KKR Parking Partners I L.P. and an entity to be formed and controlled by an affiliate of Kohlberg Kravis Roberts & Co. L.P. ("KKR"), we are pleased to submit this binding offer to enter into the City of Indianapolis Parking Meter Concession Agreement (the "Concession") on the terms and conditions described in the attached City of Indianapolis Parking Meter Concession Agreement Bid Form.

We would like to thank the City of Indianapolis (the "City") and the staff of the Office of Mayor Ballard for meeting with us and dedicating substantial time and effort to assist us in better understanding the City's on-street parking system. As you know, we have worked intensively over the last five months to evaluate this opportunity and are pleased to confirm our strong interest. We would welcome the opportunity to partner with the City in support of its continued growth while serving the needs of its residents, businesses and other key stakeholders. Key highlights of our offer include:

- **Compelling Valuation:** We are pleased to offer \$52 million in up-front cash to enter into the Concession. Note that we have increased our valuation from our initial indication based on our strong desire to enter into the Concession. In addition to the up front cash, we are providing the City with the opportunity to participate in substantial ongoing revenue streams that could more than double this up-front value over time, including:
  1. we agree to share with the City 50% of EBITDA above a \$6.5 million threshold, growing at 3% per annum, as detailed in the attached Concession. Based on the City's EBITDA projections provided in the Morgan Stanley CIM dated April 12, 2010, and grown at 3% per annum subsequent to the projection period, such cash flows would amount to an additional \$65 million of cash consideration paid to the City over the term of the Concession; and
  2. we also agree to other significant ongoing revenue sharing mechanisms with the City, including 55% sharing of any enforcement revenue in excess of \$2.5 million, grown at the rate of inflation, and including a 50% share of EBITDA generated from any added meters during the Concession.
- **World Class Operating Capabilities:** KKR places a strong emphasis on operational management. In addition to our investment professionals, KKR Capstone (our proprietary resource of nearly 60 operating professionals dedicated to our portfolio companies) and the industry experience of our Senior Advisors are powerful tools for driving unparalleled operational performance in our

9 West 57 Street, New York, New York 10019

Telephone (212) 750-8300 Fax (212) 750-0003

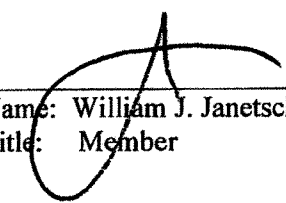
companies. In addition, our operating partner Duncan Solutions has roughly 70 years experience in the parking business and brings together each of the relevant disciplines to optimize on-street parking in terms of motorist convenience, economic development, enforcement fairness and efficiency, and program management. Overall, Duncan serves more than 2,000 cities globally with a wide range of parking equipment and services.

- **Extensive Stakeholder Relations Experience:** KKR has developed significant stakeholder relations expertise through its long-standing investment experience with complex transactions involving highly regulated, public-facing assets, particularly involving infrastructure. In these situations, KKR has worked to construct innovative regulatory, environmental, and other solutions to better serve customers and communities, and ultimately to create value for all constituencies. We have formalized our approach to stakeholder relations by establishing a dedicated seven person Global Public Affairs group and multiple external advisors to build on KKR's commitment in this area. This group has been and will continue to be actively involved in our activities with respect to the Concession.
- **Certainty and Speed of Closing:** The transaction will be financed with cash equity and fully committed third-party debt financing. We have full Investment Committee approval to enter into the Concession immediately. In addition, Duncan Solutions has already substantially completed transition planning and is standing by to initiate a smooth and speedy transition immediately upon execution of the attached Concession.
- **Responsible Investor:** KKR has a 34 year history and established reputation as a reliable counterparty, having completed over 175 transactions representing a total value in excess of \$430 billion. We are also uniquely qualified, given our long-term mindset and extensive experience in the infrastructure sector, including nine investments in the infrastructure sector over the last decade totaling \$63 billion in transaction value.

In summary, we continue to be very excited about partnering with the City and believe that we are able to offer a compelling bid with high up front and ongoing value for the City. In addition, we expect and look forward to being a very constructive partner with the City in furthering its goals of continuing growth while serving the needs and desires of its residents, businesses and other interested parties. If you would like to discuss any aspect of our offer, please feel free to contact Marc Lipschultz at (212) 230-9466 ([marc.lipschultz@kk.com](mailto:marc.lipschultz@kk.com)) or Raj Agrawal at (650) 233-6586 ([raj.agrawal@kk.com](mailto:raj.agrawal@kk.com)).

Very truly yours,

KOHLBERG KRAVIS ROBERTS & CO. L.P.

By:   
Name: William J. Janetschek  
Title: Member

## **CITY OF INDIANAPOLIS PARKING METER CONCESSION AGREEMENT BID FORM**

The undersigned applicant (the "Applicant") hereby unconditionally and irrevocably offers to enter into the City of Indianapolis Parking Meter Concession Agreement in the form identified as "Binding-Bid, Execution Copy" and heretofore delivered to the Applicant for this transaction (the "Concession Agreement") on the following terms and conditions (capitalized terms used herein and not otherwise defined shall have the same meanings as assigned to such terms in the Concession Agreement):

1. **Applicant:** The Concessionaire will be the Applicant identified below, provided that the Applicant may create a subsidiary owned as described in Paragraph 7(i) hereof (the "Subsidiary") to be the Concessionaire prior to the execution of the Concession Agreement pursuant to Paragraph 5 below, in which event the Subsidiary shall carry out all of the obligations of the Concessionaire under the Concession Agreement from and after such execution
2. **Final Agreement:** There will be no changes or modifications of any kind to the Concession Agreement.
3. **Upfront Payment:** The amount of Closing Consideration that the Applicant will pay, pursuant to Section 2.1 of the Concession Agreement, will be an upfront payment of US\$52,000,000, fifty two million dollars.
4. **Unconditional Offer:** This offer will be unconditional and irrevocable until 5:00 p.m. Eastern Time on October 1<sup>st</sup>, 2010 unless extended by mutual consent of both the City of Indianapolis (the "City") and the Applicant (the "Termination Time"). If the City does not give written notice to the Applicant, at the address specified below, that the City is prepared to enter into the Concession Agreement on or prior to the Termination Time, this offer shall terminate at the Termination Time and the Bid Letter of Credit (as hereinafter defined) shall be returned to the Applicant as soon as practicable.
5. **Agreement Execution:** If, at any time prior to the Termination Time, the City gives written notice to the Applicant, at the address specified below, that the City is prepared to enter into the Concession Agreement with the Applicant, the Applicant will or will cause the Subsidiary to, within two Business Days of its receipt of such notice, enter into the Concession Agreement and deliver to the City a Cash Deposit and/or the Closing LOC in the amount set forth in Section 2.3 of the Concession Agreement.
6. **Bid Security:** This offer is secured by either (i) cash (the "Bid Cash Deposit") or (ii) one or more attached letters of credit, each complying with the requirements for a Letter of Credit in the Concession Agreement and substantially in the same form as that distributed with the bid procedures (the "Bid Letter of Credit"), in the aggregate amount of the greater of Five Million Dollars (\$5,000,000) or seven and one-half percent (7.5%) of the Closing Consideration. If the City deems the Applicant to be the successful bidder, Applicant will either deliver the Bid Cash Deposit or the Bid Letter of Credit to the City within one Business Day of notice.

The Applicant shall deposit the Bid Cash Deposit into the following account:

City of Indianapolis General Deposit Account  
#614941649  
ABA#074000010  
REF: Parking Meter

Upon execution of a mutually agreeable escrow agreement, the City shall immediately deposit any Bid Cash Deposit with the Escrow Agent and the Escrow Agent shall invest such amount in Eligible Investments pending the execution of the Concession Agreement.

Alternatively, if the City, the Applicant and the Escrow Agent mutually agree on an escrow agreement prior to the deadline for a Bid Cash Deposit, the Applicant can deposit the Bid Cash Deposit directly with the Escrow Agent.

If Applicant is the successful bidder, Applicant will not make any public announcement or disclose to any Person other than its Representatives of such award until either the Bid Cash Deposit or Bid Letter of Credit is received by the City (or Escrow Agent, if applicable).

In the event that the City gives written notice to the Applicant pursuant to Paragraph 5 above that it is prepared to enter into the Concession Agreement with the Applicant, and the Applicant fails to execute the Concession Agreement and deliver a Cash Deposit and/or the Closing LOC in accordance with Paragraph 5 above within the time period specified therein, the City shall have the absolute right in its discretion to either (i) retain the Cash Deposit and all interest earned thereon, or (ii) immediately draw the full amount of the Bid Letter of Credit upon presentation of a sight draft and a certificate confirming that the City has the right to draw under the Bid Letter of Credit in the amount of such sight draft. The City shall be entitled to retain such amounts as payment of liquidated damages and as the sole remedy or right of the City for the Applicant's breach of its obligation under this offer.

Upon the earlier of (i) October 1, 2010, and (ii) written notice from the City to the Applicant that the City is not prepared to enter into the Concession Agreement with the Applicant, the City shall return the Bid Cash Deposit and all interest earned thereon or the Bid Letter of Credit marked cancelled, as applicable, to the Applicant, in each case, in accordance with the Applicant's reasonable instructions..

7. Applicant Authorization: The Applicant represents and warrants that (i) it is, and the Subsidiary will be, controlled, directly or indirectly, by the Persons disclosed in the written certification form delivered to the City or its representatives prior to the date of this offer (the "Certification Form") and no individual or company has a controlling interest in the Applicant except as disclosed on the Certification Form; (ii) it has full power and authority to make this offer and it, or the Subsidiary, will have full power and authority to execute and deliver the Concession Agreement pursuant to the terms hereof; (iii) such actions do not and will not violate the terms of any of the Applicant's or the Subsidiary's organizational documents or any agreement binding upon it or the terms of any applicable Law; (iv) no further consent to this offer or to the execution of the Concession Agreement pursuant to the terms hereof is required to be obtained from any other Person or Governmental Authority; and (v) this offer constitutes, and the Concession Agreement, if executed pursuant to the terms hereof, will constitute duly authorized, valid and legally binding obligations of the Applicant, or the Subsidiary, enforceable in accordance with their respective terms, except as may be limited by bankruptcy, reorganization, insolvency,

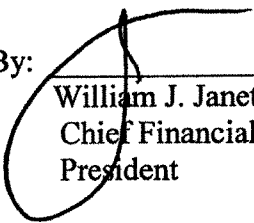
moratorium, fraudulent conveyance or transfers, or other laws affecting creditor's rights generally and subject to general principles of equity (regardless of whether in law or in equity).

8. Governing Law: This offer shall be governed by, and interpreted and enforced in accordance with, the laws in force in the State of Indiana (including any conflict of laws rule or principle that might refer such interpretation to the laws of another jurisdiction).

**KKR PARKING PARTNERS I L.P.**

By: KKR ASSOCIATES PARKING I L.P.,  
its General Partner

By: KKR Parking I GP LLC,  
its General Partner

By:   
\_\_\_\_\_  
William J. Janetschek  
Chief Financial Officer and Vice  
President

**APPLICANT CONTACT**

Name: Raj Agrawal

Title and Organization: Director / Kohlberg Kravis Roberts & Co. L.P.

Address: 2800 Sand Hill Road, Suite 200, Menlo Park, CA 94025

Telephone (office): (650) 233-6560

Email: Raj.Agrawal@kkp.com

Date: August 6, 2010

**CITY OF INDIANAPOLIS PARKING METER CONCESSION AGREEMENT  
APPLICANT AND OPERATOR CERTIFICATION FORM**

**Information concerning the Applicant**

Name of the Applicant: KKR Parking Partners I L.P.

Business Address of the Applicant: c/o Kohlberg Kravis Roberts & Co. L.P.

9 West 57th Street, Suite 4200, New York, NY 10019

Telephone: (212) 750-8300 Fax: (212) 750-0003

Email: Raj.Agrawal@kkkr.com

Name of Contact Person: Raj Agrawal

Legal Form of the Applicant: Limited Partnership

State of incorporation or organization of the Applicant: Delaware

If not organized in Indiana, is the Applicant authorized to do business in Indiana? Yes

Please list the names and titles of all officers and directors of the Applicant, or if no such officers and directors exist, the names of those individuals with authority to bind the Applicant (use additional sheet(s) if necessary):

- Henry R. Kravis
- George R. Roberts
- William J. Janetschek
- David J. Sorkin
- Marc S. Lipschultz
- Suzanne O. Donohoe

Please list the name, business address and percentage interest of each Person (as defined in the Concession Agreement) with a direct interest of ten percent or greater in the capital stock, units, general partnership or membership interests and other equity interests or securities of the Applicant (including options, warrants and other rights to acquire any such equity interests but excluding, for the avoidance of doubt, any limited partnership interests):

KKR Associates Parking I L.P. (100%)

**Information concerning the Operator**

Will the Operator be the Applicant?: No

If no, will the Operator be a wholly-owned subsidiary of the Applicant (a "Subsidiary")?: No

If neither the Applicant nor a Subsidiary will be the Operator, please answer the following items regarding the Operator:

Name of the Operator: Duncan Parking Technologies, Inc.

Business Address of the Operator: 633 W. Wisconsin Ave., Suite 1600

Milwaukee, WI 53203

Telephone: (414) 847-3701 Fax: (414) 847-6701

Email: mnickolaus@duncansolutions.com

Name of Contact Person: Mike Nickolaus

Legal Form of the Operator: Corporation

State of incorporation or organization of the Operator: Delaware

If not incorporated in Indiana, is the Operator authorized to do business in Indiana? Yes

Please list the names and titles of all officers and directors of the Operator (use additional sheet(s) if necessary):

Michael J. Nickolaus, Director and President/Chief Executive Officer  
Michael Flaherty, Director and Chief Operating Officer  
Norman Brooks, Director and Chief Financial Officer  
Gavin Jones, Director and President  
Betty George, Secretary

Please list the name, business address and percentage interest of each Person with a direct or indirect interest of ten percent or greater in the capital stock, units, partnership or membership interests and other equity interests or securities of the Operator (including options, warrants and other rights to acquire any such equity interests):

Duncan Parking Technologies, Inc. is a wholly owned subsidiary of Duncan Solutions, Inc., which is a wholly owned subsidiary of Duncan Solutions Limited. Those entities of Duncan Solutions Limited with interest of ten percent (10%) or greater are:

- (1) Tenix Investments Pty Limited (57.6%)
- (2) National Nominees Limited (11.1%)

**Information concerning the Operator (cont.)**

Please provide the following on a separate sheet:

- (a) a brief description of the capitalization of the Operator.
- (b) a brief description of the experience of the Operator in operating comparable parking facilities and performing other relevant projects.
- (c) a brief description of the material terms of the proposed agreement between the Concessionaire and the Operator that would reasonably be expected to impact the ability of the Concessionaire to comply with the terms of the Concession Agreement.



**(a) a brief description of the capitalization of the Operator.**

Duncan Parking Technologies, Inc. is a wholly owned subsidiary of Duncan Solutions Inc., which is a wholly owned subsidiary of Duncan Solutions Limited ("Duncan"). The capitalization of Duncan Solutions Limited is as follows in terms of percentage of ordinary shares:

- Tenix Investments Pty Limited (57.6%)
- National Nominees Limited (11.1%)
- VBM Investments (8.36%)

The remaining 22.94% is owned by shareholders owning less than two percent.

**(b) a brief description of the experience of the Operator in operating comparable parking facilities and performing other relevant projects.**

On-street parking management is a specialized niche within parking management and Duncan was created specifically to bring together each of the relevant disciplines to optimize on-street parking in terms of motorist convenience, economic development, enforcement fairness and efficiency, and program revenue management. Overall, Duncan serves more than 2,000 cities with parking equipment and services ranging from single- and multi-space parking meters; enforcement technology and specialized handheld ticket writing computers; parking citation processing and collection services; and parking meter program operations, management, and revenue control.

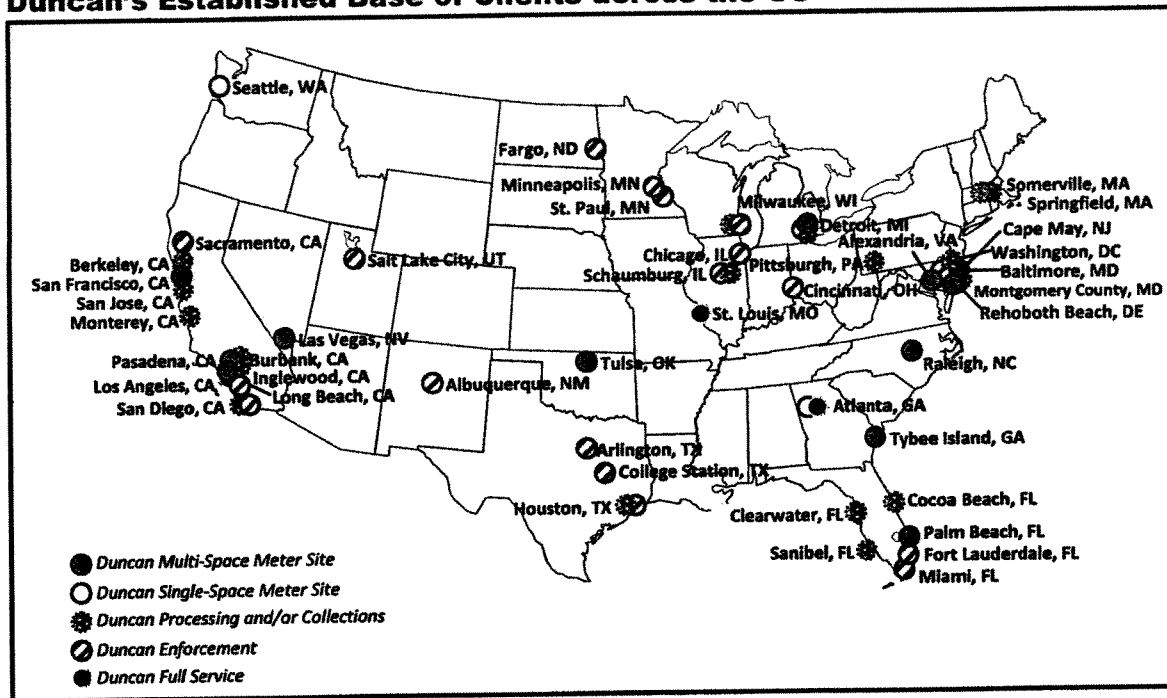
Duncan's full history in the parking business dates back some 70 years to one of the earliest models of parking meters manufactured. Over the decades, Duncan's innovative parking solutions earned them a dominant market share in the parking meter industry. Today, Duncan is the largest solution provider to municipal on-street parking management programs in the US. Over 2,000 cities use Duncan's parking management equipment, and according to an independent survey by the International Parking Institute, 63.4% of US cities report Duncan's meters as their equipment of choice.

Specifically in the area of parking meter program operations, Duncan successfully operates metered parking programs which routinely surpass performance standards with meter uptimes in excess of 98% and repair response times of less than two hours. In total, Duncan operates and maintains over 30,000 on-street metered spaces in cities across North America and Australia. Duncan operates multiple comparable projects, including in Atlanta, GA; St. Louis, MO; and Sydney, Australia.

## The City of Indianapolis

### Parking Meter Concession Agreement -- Attachment to the "Applicant and Operator Certification Form"

#### Duncan's Established Base of Clients across the US



Among Duncan's 2,000 clients are some of the leading cities in the US.

Operating under the name PARKatlanta, Duncan assumed responsibility for the City of Atlanta's on-street parking management program in 2009 under a managed services contracting model that pays the City of Atlanta a guaranteed fixed amount each month. The monthly guaranteed payment is more than double Atlanta's prior gross revenues for its parking program. Under the contract, Duncan is responsible for parking meter management, parking enforcement, citation processing, delinquent collections, customer service, regulatory signage, and community outreach. In addition, Duncan provides multi-space parking pay stations that support real-time wireless communications and allow motorists to pay using coins, bills, or credit cards.

Similarly, Duncan provides on-street parking meter maintenance and collection services for St. Louis, Missouri (9,000 metered spaces), as well as more than a dozen clients in Australia including the City of Sydney (12,000 metered spaces).

In 2006, Duncan's parking meter technology even debuted to great acclaim in Indianapolis where Duncan was one of two firms selected to demonstrate their advanced parking meter technology. The pilot demonstration was conducted over a three-month period on the 100 block of S. Illinois St. and the 900 block of Broad Ripple Ave. While the planned meter upgrade program did not progress a City-administered public survey shows that the motorists, residents, and businesses of Indianapolis had a strong preference for Duncan multi-space meters compared to the alternative solutions piloted.

**(c) a brief description of the material terms of the proposed agreement between the Concessionaire and the Operator that would reasonably be expected to impact the ability of the Concessionaire to comply with the terms of the Concession Agreement.**

The terms of the operations and maintenance agreement proposed to be entered into between the Concessionaire and the Operator specifically provide that the agreement will incorporate the Operating Standards pursuant to, and otherwise comply with, the Concession Agreement. Further, the Operator must carry out the services it provides to the Concessionaire under the operations and maintenance agreement in such a manner that no act or omission of the Operator will cause the Concessionaire to be in breach of any obligation under the Concession Agreement.

The Operator shall, at its own cost and expense, retain and maintain the records and reports required to be maintained under the Concession Agreement. In accordance with the Concession Agreement, the Operator shall make available to the City or its representative such information and materials as reasonably requested by the City for audit and review once per annum. Additionally, the Operator acknowledges and accepts the City's rights to enter the Metered Parking System and perform work and conduct activities thereon.

The Operator, in accordance with the Concession Agreement and the Operating Plan, shall engage a third-party enforcement contractor to carry out all enforcement related services. The Operator will obtain and maintain throughout the duration of the proposed term all standard insurance policies.

The proposed operations and maintenance agreement will contain events of default and terminations rights usual and customary for transactions of this type. Finally, the proposed operations and maintenance agreement will contain shorter cure periods for events of default resulting from the act or omission of the operator than are provided for in the Concession Agreement. This will ensure that the Concessionaire will have ample time to cure any default by the Operator before such default results in an event of default under the Concession Agreement.

## **MBE/WBE/VBE/Local Business Participation**

Duncan is committed to the City's policy of providing local MBE/WBE/VBE companies the maximum opportunity to participate in the Indianapolis Metered Parking System Concession.

Duncan acknowledges the City's Minority & Women Business Development agency goals of 15% MBE, 8% WBE and 3% VBE participation and on notification as the preferred bidder, Duncan is positioned to finalize sub-contractor and service provision arrangements to meet or exceed the City's requirements.

Duncan has identified a number of Indianapolis certified MBE/WBE/VBE companies, as well as local businesses, that could provide valuable services to Duncan, as the Operator of the Indianapolis Metered Parking System.

Details of the companies that Duncan have identified and engaged in discussion are outlined in the tables below:

<b>Company Name:</b>	<b>Enginuity Management and Consulting Corporation</b>
<b>Certification:</b>	M/WBE
<b>Proposed Scope:</b>	Program Management and implementation, Engineering Consulting, Parking Management services
<b>Contact:</b>	Sahara Williams, President
<b>Phone:</b>	(317) 297-5601
<b>Email:</b>	swilliams@enginuitymanagement.com
<b>Company Name:</b>	<b>Park Smart LLC</b>
<b>Certification:</b>	M/WBE
<b>Proposed Scope:</b>	Parking Management Services
<b>Contact:</b>	Andrea Chavez Dietz
<b>Phone:</b>	(317) 862-3808
<b>Email:</b>	AChavez@pca-star.com
<b>Company Name:</b>	<b>Express Parking, Inc.</b>
<b>Certification:</b>	Local Business
<b>Proposed Scope:</b>	Parking Management Services
<b>Contact:</b>	Barry Widduck, President
<b>Phone:</b>	(317) 639-9825
<b>Email:</b>	expressparking@sbcglobal.net
<b>Company Name:</b>	<b>Langham Logistics</b>
<b>Certification:</b>	WBE
<b>Proposed Scope:</b>	Freight Forwarding, Transportation, Logistics
<b>Contact:</b>	Cathy Langham, President & CEO
<b>Phone:</b>	(317) 471-5120
<b>Email:</b>	CathyLangham@eLangham.com
<b>Company Name:</b>	<b>Safety Wear</b>
<b>Certification:</b>	VBE
<b>Proposed Scope:</b>	Provision of Signage and Safety Products
<b>Contact:</b>	Keli Fisher
<b>Phone:</b>	(800) 761-6861
<b>Email:</b>	Kfisher@safety-wear.com

Additional MBE/WBE/VBE companies that may provide services to Duncan

**Service: Janitorial Services**

Company Name	Certification	Contact Name	Phone
Astro Facility Management	MBE	Herb Blain	(317) 875-5723
Clean Source Inc	M/WBE	Debroah Carroll	(317) 216-8924

**Service: Uniforms**

Company Name	Certification	Contact Name	Phone
The Glove Lady	WBE	Shawntelle Gault	(317) 223-8986
Rivercity Workwear	WBE	Tina Cooper	(502) 773-2686

**Service: Multispace Meter Rollout – Motorist Education Program**

Company Name	Certification	Contact Name	Phone
Siyan Communications	M/WBE	Sandhya Graves	(317) 694-1131
Dish-Marketing & Communciations	WBE	Amber Jones Chambers	(317) 596-9531
Issues and Advocates	WBE	Melissa Martin	(317) 253-5600

Duncan has a long and proud history of partnering with minority, women owned, veteran owned and local and emerging business enterprises. This includes utilizing a variety of local firms to help deliver our products and services to our clients.

The following table is a representative example of Duncan's commitment to local certified businesses in other cities.

City	Duncan Role	Local/Certified Business Participation Levels
Atlanta, GA	Prime	30%
Chicago, IL	Sub	70%
Detroit, MI	Sub	55%
Milwaukee, WI	Prime	18%
Montgomery County, MD	Prime	27%
St. Louis, MO	Prime	65%
Washington, DC	Sub	25%

In addition, our companywide minority/women employment levels help demonstrate our continued commitment to EEOC compliance.

Duncan has also initiated a number of key programs including the following:

- Ongoing diversity training for employees/managers
- Engaging community personnel for resident preference hiring goals
- Joint services delivery partnerships with minority firms

Further information can be made available upon request.